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**AMENDMENT TO H.R. 4954**  
**OFFERED BY MR. TAUZIN**

**(Amendment to Medicare Modernization and Prescription  
Drug Act of 2002)**

**(Page & line nos. refer to Committee Print #1 of title I of  
June 17, 2002)**

Page 10, line 37, strike "\$4,500" and insert  
"\$3,800".

Page 11, line 32, insert "the Administrator deter-  
mines (based on an actuarial analysis by the Adminis-  
trator)" after "so long as".

Page 13, at the end of line 20, insert the following:

1 "The prices negotiated by a prescription drug plan under  
2 this part, by a Medicare+Choice plan with respect to cov-  
3 ered outpatient drugs, or by a qualified retiree prescription  
4 drug plan (as defined in section 1860H(f)(1)) with respect  
5 to such drugs on behalf of individuals entitled to benefits  
6 under part A or enrolled under part B, shall (notwith-  
7 standing any other provision of law) not be taken into ac-  
8 count for the purposes of establishing the best price under  
9 section 1927(c)(1)(C).".

10 Page 14, line 17, insert before the period the following: "  
11 but the Administrator shall determine whether such actuarial  
12 values meet the requirements under subsection (c)(1)".

13 Page 38, line 1, insert "consistent with an overall subsidy  
14 level of 65 percent" after "all medicare beneficiaries".

15 Page 38, line 11, strike "a percentage" and all that fol-  
16 lows through "actuarial value of the" and insert "35 percent  
17 of the total payments made by a qualifying entity for".

18 Page 38, line 16, insert ", which in the aggregate is 30  
19 percent of such total payments," after "subsection (c))".



June 19, 2002 (2:13 PM)

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1 Page 40, strike line 32 and all that follows through page  
2 41, line 20, and insert the following:

3 "(1) ADJUSTMENT OF REINSURANCE PAYMENTS TO  
4 ASSURE 30 PERCENT LEVEL OF SUBSIDY THROUGH REIN-  
5 SURANCE.—

6 "(A) ESTIMATION OF PAYMENTS.—The Adminis-  
7 trator shall estimate—

8 "(i) the total payments to be made (without  
9 regard to this subsection) during a year under sub-  
10 sections (a)(2) and (c); and

11 "(ii) the total payments to be made by quali-  
12 fying entities for standard coverage under plans de-  
13 scribed in subsection (b) during the year.

14 "(B) ADJUSTMENT.—The Administrator shall pro-  
15 portionally adjust the payments made under sub-  
16 sections (a)(2) and (c) for a coverage year in such  
17 manner so that the total of the payments made under  
18 such subsections for the year is equal to 30 percent of  
19 the total payments described in subparagraph (A)(ii).

20 "(2) RISK ADJUSTMENT FOR DIRECT SUBSIDIES.—To  
21 the extent the Administrator determines it appropriate to  
22 avoid risk selection, the payments made for direct subsidies  
23 under subsection (a)(1) are subject to adjustment based  
24 upon risk factors specified by the Administrator. Any such  
25 risk adjustment shall be designed in a manner as to not re-  
26 sult in a change in the aggregate payments made under  
27 such subsection.

Page 54, after line 9, insert the following:

28 (e) AMENDMENT TO BEST PRICE.—Section  
29 1927(c)(1)(C)(i) (42 U.S.C. 1396r-8(c)(1)(C)(i)) is amended—

30 (1) by striking "and" at the end of subclause (III);

31 (2) by striking the period at the end of subclause (IV)  
32 and inserting "; and"; and

33 (3) by adding at the end the following new subclause:

34 "(V) any prices charged which are nego-  
35 tiated by a prescription drug plan under part



1 D of title XVIII, by a Medicare+Choice plan  
2 under part C of such title with respect to cov-  
3 ered outpatient drugs, or by a qualified retiree  
4 prescription drug plan (as defined in section  
5 1860H(f)(1)) with respect to such drugs on be-  
6 half of individuals entitled to benefits under  
7 part A or enrolled under part B of such title.”.

Page 55, line 31, strike “for at least two benefit packages (other than the core benefit package)” and insert “only provide for substituting for the benefit packages that included coverage for prescription drugs two benefit packages”.

Page 55, line 35, strike “Two” and insert “The two”.

